

UNITED STATES BANKRUPTCY COURT
SIXTH DISTRICT OF MINNESOTA

In RE:

John W. Copp
Deborah L. Copp,
Debtors.

Chapter 13 Case
BKY No: 04-60352

NOTICE OF HEARING AND EXPEDITED MOTION FOR INTERIM CREDIT
PURSUANT TO 11 U.S.C. SECTION 364

TO: All Interested Parties and the other entities specified in Local Rule 1204(a).

1. John W. Copp and Deborah L. Copp, move the court for the relief requested below and give notice of hearing.
2. The court will hold a hearing on this motion on August 25, 2004, at 10:00 A.M., or soon thereafter as counsel may be heard. Please note that this hearing will be held by a telephone conference. If you want to participate in the conference, you need to contact the undersigned at least 24 hours before the time scheduled for the hearing to be included in the telephone conference.
3. Any response to this motion must be filed and delivered not later than 10:00 A.M. on August 24, 2004, which is 24 hours before the time set for the hearing, or filed and served not later than August which is three days before the time set for the hearing. **UNLESS A RESPONSE OPPOSING THE MOTION IS TIMELY FILED, THE COURT MAY GRANT THE MOTION WITHOUT A HEARING.**
4. This court has jurisdiction over this motion pursuant to 28 U.S.C. Section 157 and 1334, Fed.R.Bankr.P. 5005 and Local Rule 201. This matter is a core proceeding under 28 U.S.C. Section 157(b) (2) (d).

This petition commencing this case was filed on March 26, 2004. This case is now pending in this court.

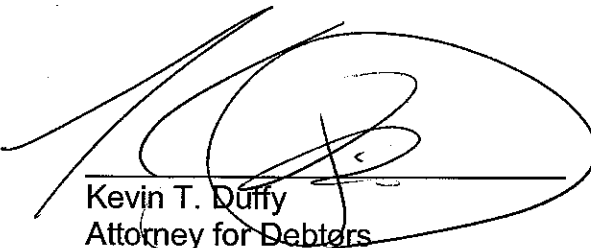
5. This motion arises under 11 U.S.C. Section 364(c)(2) and Fed.R.Bankr.P.4001(c). This motion is filed under Fed.R.Bankr.P. 9014 and local Rules 1201-1215.
6. Debtors are in the business of producing agricultural crops and custom harvesting. They need to borrow up to \$45,000.00 plus interest for crop expenses on all real estate being farmed by the Debtors and harvesting expenses. However, at the present time, this motion simply deals with need of the debtors to receive interim financing up to \$25,000. The debtors are requesting at this time that the Court conduct this hearing on an expedited basis and less than the normal 20 days as required under the Rules for a normal motion for obtaining credit. The Debtors are requesting that they be granted the right to receive an advance payment of up to \$25,000 to pay for fuel, labor and other related harvest expenses for the end of the season. The debtors thought that they could finish off the season without financing but have realized that they cannot and need immediate funds to finish harvest.
7. Community Bank of the Red River Valley has indicated a willingness to provide certain cash advances to the Debtors, subject to this Court's approval of this Motion based upon the terms contained herein.
8. As security for such loan, debtors propose to grant a security interest post-petition to Community Bank of the Red River Valley in the 2004 crop, crop insurance and government payments of any nature in which the debtors currently hold, or subsequently acquire, an interest in which became payable to the debtors during the term of and/or prior to payment in full of the 2004 crop loan provided by Community Bank of the Red River Valley including any and all proceeds of such payments) to the extent of such funds actually borrowed, plus interest and costs thereon. Debtors also propose to grant Community Bank a cross secured interest on machinery and equipment that the bank already has a security interest in with a prior loan. The items subject to the banks prior interest include a 98 Tahoe, 92 Peterbuilt tractor and a 1997 Timpfe trailer. The security interest to be granted to Community Bank of the Red River Valley will not impair any other interest in the above referenced items of machinery or personal property. No other creditor has a security interest in the 2004 crops.
9. Such security interest debtors propose to grant to Community Bank of the Red River Valley will be pursuant to a Standard Security Agreement granting the Bank a security interest in the collateral referenced in paragraph 8 above.
10. The interest rate on borrowed funds shall not exceed 6.5% with repayment of principal due no later than December 31, 2004.
11. Debtors further request that Community Bank of the Red River Valley be allowed to perfect its security interest in the collateral described in paragraph 8 by taking any and all actions it deems necessary for such purposes, including, but not

limited to, Uniform Commercial Code filings and execution of Farm Service Agency assignment forms necessary to perfect or protect a security interest in government and agency payments and applicable entitlements.

12. Community Bank of the Red River Valley requires as part of its security for funds to be loaned as requested herein that it be given a lien on the 2004 crop In accordance with the priority afforded by Section 364(c)(2) of the Bankruptcy Code, and further that to the extent the crop and proceeds security described above are not sufficient to repay principal and interest loaned, that this Court award administrative priority to it in accordance with Sections 364(c)(1) and 507(b) for any such collateral deficiency.
13. Debtors have attempted but have not been able to obtain either unsecured credit allowable under Section 503(b)(1) of the Bankruptcy Code as an administrative expense or secured credit on terms other than those proposed herein.
14. Attached hereto and incorporated herein as part of this Motion by reference as Exhibit "A" is a copy of the debtors' most recent financial statement.
15. This Motion is in the best interest of this bankruptcy estate. The debtors do not anticipate any objections to this motion by any party in interest.
16. There are sufficient facts and law contained in this motion to satisfy the Local Rule requirement that any motion include a memorandum be filed with any motion.

WHEREFORE, the Debtors request this Court enter an Order approving the post-petition crop financing on the terms proposed.

Dated this 9th day of August, 2004.

A large, stylized handwritten signature in black ink, appearing to read 'Kevin T. Duffy', is written over a horizontal line.

Kevin T. Duffy
Attorney for Debtors
P.O. Box 715
Thief River Falls, MN 56701
Atty. Bar No. 134600

Verification

We, John W. Copp and Deborah L. Copp, the movants named in the foregoing notice of hearing and motion, declare under penalty of perjury that the foregoing is true and correct according to the best of my knowledge, information and belief.

Executed on: 8/9/04 Signed: John W. Copp
John W. Copp, Debtor

Executed on: 8/9/04 Signed: Deborah L. Copp
Deborah L. Copp, Debtor

AGRICULTURAL FINANCIAL STATEMENT
COMMUNITY BANK OF THE RED RIVER VALLEY-WARREN

Bank Contact Person: Mark E. Swanson
528 N 1st Street, Warren, MN 56762
Phone (218) 745-4131 Fax (218) 745-4133

CHECK ONE OF THE FOLLOWING:

| | | | |
|---------------|-------------------------------------|---------------|-------------------------------------|
| <u> X </u> | INDIVIDUAL (SOLE PROPRIETORSHIP) | <u> </u> | CORPORATION - SUB S |
| <u> </u> | PARTNERSHIP | <u> </u> | CORPORATION - C-CORP |
| <u> </u> | LIMITED LIABILITY PARTNERSHIP (LLP) | <u> </u> | LIMITED LIABILITY CORPORATION (LLC) |

EXHIBIT

"A"

| | | | |
|--|--|-----------------------------|--|
| John Copp SS # _____ SS#: _____ | | DOB: 09/13/53 DOB: _____ | |
| ADDRESS: 35228 State Hwy #1 CITY, STATE, ZIP Warren MN 56762 TELEPHONE: 701-739-0194--Cell (218) 745-4425 BUSINESS NAME: Copp Custom Harvesting BUSINESS TAX ID NUMBER: 41-1678143 | | # of SHARES or % | |

| | | | |
|--|--|-------|------------------------|
| BUSINESS NAME: <u>Copp Custom Harvesting</u> | | | |
| BUSINESS TAX ID NUMBER: <u>41-1678143</u> | | | |
| | | Title | # of SHARES or % OWNED |
| PARTNERS/CORPORATE OFFICERS: | | | |
| | | | |
| | | | |
| | | | |

The attached statement and schedules are submitted for the purpose of obtaining credit. It is true and correct in every detail and fairly shows the financial condition of the applicant(s) at the "date of valuation". The applicants will promptly notify the bank of any subsequent change in such financial condition. The bank is authorized to retain this financial statement, whether or not the credit request is approved, to check the credit of the applicant(s) or any other information contained herein, and, if credit is granted, to provide others with information concerning the applicant(s).

☐ If checked here, I also give CBRRV-Warren authorization to obtain my tax returns directly from my tax preparer/accountant.

My tax preparer/accountant is: Phil Thompson and Associates

Applicant Signature: _____ Dated: _____

Applicant Signature: _____ Dated: _____

GENERAL INFORMATION:

(Check applicable answer below)

Yes (X) No (X)

| | | |
|-------------------------------------|--|--|
| | Number of dependents: | <u>0</u> |
| <input checked="" type="checkbox"/> | Do you carry medical insurance? | |
| <input checked="" type="checkbox"/> | Do you carry hail/multiperil crop insurance? | |
| | My crop insurance agent is: | |
| <input checked="" type="checkbox"/> | Do you carry insurance on buildings/machinery/vehicles/livestock, etc.? | |
| | My insurance agent for buildings, vehicles, etc is: | |
| | Do you have contingent liabilities? \$Amount: | |
| | Have co-signed debt with others? \$ Amount: | |
| | Do you have judgments or collections pending or filed? | |
| | Do you have other suits pending against you? | |
| | Have you filed a bankruptcy petition? | |
| | Have you negotiated a debt settlement? | |
| | Have you given a deed in lieu of foreclosure or forfeited a purchaser's interest in a land contract? | |
| | Do you have land in CRP? | If so, my annual CRP payment amount is: \$ <u> </u> |
| | Is this CRP payment assigned? | |
| | Do you have a will? | |
| | | Date of Valuation: <u>07/12/04</u> Page 1 of 7 |

Date of Valuation: 07/12/04 Page 1 of 7

(2)

| Assets | | Market Value | Liabilities Owed | | Balance Owed |
|---|--|--------------|------------------------------------|--|--------------|
| 1 | Cash (include \$ in checking) | \$ 1,500 | 41 | Operating Loans: | |
| 2 | Savings Accounts (available on demand) | \$ 2,500 | 42 | Creditor's Name | Date Due |
| 3 | Marketable Securities & CD's (Sched 1) | \$ - | 43 | \$ - | |
| 4 | Ag accounts receivable (Sched 2) | \$ 3,500 | 44 | \$ - | |
| 5 | Non-ag accounts receivable (Sched 2) | \$ - | 45 | \$ - | |
| 6 | Hedging account equity (attach broker's stmt) | \$ - | 46 | \$ - | |
| 7 | Feeder livestock inventory (Sched 3) | \$ - | 47 | \$ - | |
| 8 | Feed / crop inventory (Sched 4) | \$ - | 48 | Sum of lines 43 thru 47 | |
| 9 | Less: CCC loans (Sched 4) | \$ - | 49 | Accounts payable (see Schedule 9) | |
| 10 | Line 8 minus line 9 = net feed/crop inventory | \$ - | 50 | Accrued income & Social Security taxes | |
| 11 | | \$ - | 51 | Accrued real estate taxes | |
| 12 | Supplies/Inventories/Prepays (Sched 6) | \$ - | 52 | Advanced Deficiency pymts collected for future crops | |
| 13 | Total Current Assets (Lines 1-12) | \$ 7,500 | 53 | Accrued interest on current debt | |
| 14 | Non-marketable securities (Sched 1) | \$ - | 54 | Accrued interest on intermediate debt (Schedule 10) | |
| 15 | Retirement accounts (Sched 1) | \$ - | 55 | Accrued Interest on Ag real estate debt (Schedule 11) | |
| Notes receivable (list below*) | | | 56 | Accrued Interest on Non-Ag real estate debt (Schedule 12) | |
| Description | \$ Amount | | 57 | Accrued interest on Other Long Term debt (Schedule 13) | |
| 16 | \$ - | | 58 | Current principal due on intermediate debt (Schedule 10) | |
| 17 | \$ - | | 59 | Current principal due on Ag real estate debt (Schedule 11) | |
| 18 | \$ - | | 60 | Current principal due Non-Ag real estate debt (Schedule 12) | |
| 19 | Sum of lines 16, 17 & 18 | \$ - | 61 | Current Principal due Other Long Term Debt (Schedule 13) | |
| 20 | Unit retains (Schedule 7) | \$ - | 62 | Other debts due within 12 months | |
| 21 | Breeding Stock (Schedule 5) | \$ - | 63 | \$ - | |
| 22 | Machinery and Equipment (Sched 16) | \$ 138,500 | 64 | \$ - | |
| 23 | Cash value life insurance (Sched 8) | \$ - | 65 | \$ - | |
| Other intermediate assets (list below) | | | 66 | \$ - | |
| Description | \$ Amount | | 67 | Sum of lines 62, 63, 64 & 65 | |
| 24 | | | 68 | Total Current Liabilities (Lines 48-61 & 67) | |
| 25 | | | 69 | Intermediate Liabilities: | |
| 26 | | | 70 | Total Intermediate debt (see sched 10) | |
| 27 | | | 71 | Less curr princ pymts due next 12 mos (line 58) | |
| 28 | Sum of lines 24, 25, 26 & 27 | \$ - | 72 | Total Intermediate Liabilities (line 70 less line 71) | |
| 29 | Tot Inter. Assets (Lines 14-28) | \$ 138,500 | 73 | Ag. Real Estate Debt: | |
| 30 | Ag real estate owned (Sched 11) | \$ - | 74 | Total Ag real estate debt (Sched 11) | |
| 31 | Non-ag real estate owned (Sched 12) | \$ - | 75 | Less curr princ pymts due next 12 mos (line 59) | |
| Other long-term assets (list below) | | | 76 | Total Ag real estate debt (due after next 12 mos) | |
| Description | \$ Amount | | 77 | Non-Ag. Real Estate Debt: | |
| 32 | \$ - | | 78 | Total Non-Ag real estate debt (Sched 12) | |
| 33 | \$ - | | 79 | Less curr princ pymts due next 12 mos (line 60) | |
| 34 | \$ - | | 80 | Total Non-Ag real estate debt (due after next 12 mos) | |
| 35 | \$ - | | 81 | Other Long Term Debt: | |
| 36 | \$ - | | 82 | Tot Other Long Term Debt (Schedule 13) | |
| 37 | \$ - | | 83 | Less curr princ pymts due next 12 mos (line 61) | |
| 38 | Sum of lines, 32, 33, 34, 35, 36 & 37 | \$ - | 84 | Total Other Long Term debt due after next 12 months | |
| 39 | Tot Long-term Assets (Lines 30, 31, 38) | \$ - | 85 | Total Long-term Liabilities: (Lines 76+80+84) | |
| 40 | Total Assets (Lines 13 + 29 + 39) | \$ 146,000 | 86 | Total Liabilities: (Lines 68+72+85) | |
| * Notes receivable on lines 16, 17 & 18 should include amounts payable to you that are not due this year, but will be paid in full in years or less. If you will not be paid in full for more than 7 years, list the receivable on line 32. | | | 87 | Total Net Worth (Line 40 less line 86) | |
| | | | Date of Valuation: 07/12/04 | | |
| | | | John Copp | | |
| | | | Page 2 of 7 | | |

John W. Copp - Pres.

Statement of JOHN COPP 7-12-04 Address 35228 STATE HWY #1, WARREN MN 56762
 To COMMUNITY BANK OF THE RED RIVER VALLEY Bank 528 N FIRST ST PO BOX 25, WARREN MN 56762

For the purpose of obtaining credit from time to time with the above bank for my negotiable paper, or otherwise, I hereby furnish a fair and accurate statement of my financial condition

| ASSETS | REAL ESTATE OWNED. Description | VALUATION | LIABILITIES | INCUMBRANCE ON REAL ESTATE | AMOUNT |
|--------|---|------------|-------------|--|------------|
| | CASH AND SAVINGS | 2,000 00 | | | |
| | DEB'S PROFIT SHARING | 43,000 00 | | TONE COPP 1ST MTG. 160 ACRES | 10,000 00 |
| | PERSONAL PROPERTY OWNED. | | | INCUMBRANCE ON PERSONAL PROPERTY Other Liabilities | |
| | XXXX 160 ACRES SEC 34 WARRENTON | 160,000 00 | | FCS 2ND MTG 160 ACRES | 40,000 00 |
| | XXXX 40 ACRES SEC 31 EAST PART | 16,000 00 | | | |
| | XXXX RESIDENCE | 120,000 00 | | WASHINGTON MUTUAL | 86,000 00 |
| | XXXX ^{Sheep} COPP CUSTOM HARVESTING | 8,150 00 | | | |
| | Machinery 98 CHEVY TAHOE | 10,500 00 | | Owing Your Bank | |
| | Tractor, Truck, Auto | | | Owing Other Banks | |
| | XXXX 1/4 INT. IN HUNTING CABIN | 6,000 00 | | All Other Debts | |
| | Sundries | | | TOTAL DEBTS | 136,000 00 |
| | Cash | | | NET WORTH | 229,650 00 |
| | TOTAL | 365,650 00 | | TOTAL | 365,650 00 |

Signed

John W. Copp

UNITED STATES BANKRUPTCY COURT
DISTRICT OF MINNESOTA

In re: Copp, John W.
Copp, Deborah L.,
DEBTORS.

Case No. 04-60352

UNSWORN CERTIFICATE OF SERVICE

I, Tonya R. Klemetson, declare under penalty of perjury that on August 9, 2004, I mailed copies of the foregoing Notice of Hearing and Expedited Motion for Interim Credit Pursuant to 11 U.S.C. Section 364 by first class mail postage prepaid to each entity named below at the address stated below for each entity:

United States Trustee
1015 U. S. Courthouse
300 South 4th Street
Minneapolis, MN 55415

Aurora Loan Service, Inc
(SBA)
PO Box 1706
Scottsbluff, ND 69369

Mr. Michael J. Farrell
Chapter 13 Trustee
P.O. Box 519
Barnesville, MN 56514

C. Andrew Johnson
Attorney at Law
PO Box 1896
North Mankato, MN 56002

Mr. Alan J. Flaten
Attorney at Law
PO Box 13417
Grand Forks, ND 58208-3417

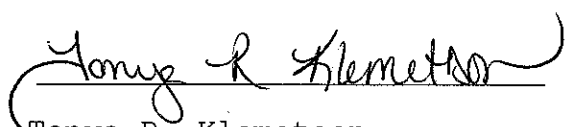
Minnesota Dept of Revenue
Bankruptcy Section
PO Box 64447
St. Paul, MN 55164

Community Bank of the Red River Valley
Po Box 25
Warren, MN 56762

NW Regional Development
Commission
115 South Main
Warren, MN 56762

Executed on: August 9, 2004.

Signed:


Tonya R. Klemetson
DUFFY LAW OFFICE
P.O. Box 715
Thief River Falls, MN 56701
218-681-8524

UNITED STATES BANKRUPTCY COURT
SIXTH DISTRICT OF MINNESOTA

In RE:

John W. Copp
Deborah L. Copp,
Debtors.

Chapter 13 Case
BKY No: 04-60352

ORDER AUTHORIZING DEBTOR TO OBTAIN INTERIM CREDIT

Fergus Falls, Minnesota

August 25, 2004

That the above-entitled matter came on before the court by way of telephone conference pursuant to a motion filed by the debtors to incur secured indebtedness on their 2004 crop, crop insurance, and government payments. The motion filed by the debtors was for the specific purpose of paying 2004 harvesting expenses. Notice of the hearing was given by the debtors pursuant to an Unsworn certificate of service dated August 9, 2004. Based upon all the files, records and proceedings herein, the Court being duly advise of the premises,

IT IS HEREBY ORDERED:

1. The expedited motion by the debtors to obtain interim credit up to \$25,000 through Community Bank of the Red River Valley is granted subject to the terms and conditions hereinafter set forth.
2. Debtors are hereby authorized to incur the interim, post-petition financing in an amount, which shall not exceed \$25,000. The interim advances shall be for purpose of paying fall harvest expenses such as fuel, labor and repairs.
3. The interest rate on borrowed funds shall be 6.5% and the repayment date on or before December 31, 2004. Payments made shall first be applied to payment of any legal or professional fees, expenses or costs, then to outstanding accrued interest and last to the outstanding principal balance.
4. Debtors shall comply with all the terms and conditions of the Note and Security Agreement to be prepared Community Bank of the Red River Valley.
5. In the event of the Debtors failing to perform any obligation of this Order or the Loan Documents, the Debtors performing any fraudulent act, the future appointment

of a trustee, the conversion of this case or the dismissal of this case, Community Bank of the Red River Valley shall be entitled to terminate the post-petition financing and to immediate relief from and termination of any stay, including the automatic stay of 11 U.S.C. Section 362, and may immediately seek enforcement of its liens and to take any and all actions and remedies available without further order of this Court.

6. As security for any advances made or inputs provided together with all interest and costs, Community Bank of the Red River Valley shall have a security interest in the following collateral: 2004 crop, crop insurance and government payments of any nature in which the debtors currently hold, or subsequently acquire, an interest in which became payable to the debtors during the term of and/or prior to payment in full of the 2004 crop loan provided by Community Bank of the Red River Valley including any and all proceeds of such payments) to the extent of such funds actually borrowed, plus interest and costs thereon. Community Bank shall also be granted the right to a cross secured interest in the debtors 1998 Tahoe, 1992 Peterbuilt tractor and 1997 Timpfe trailer; these are items that the Community Bank already has a security interest in under another loan.

7. The lien given Community Bank of the Red River Valley on the collateral described in paragraph 6 above shall be pursuant to Section 364(c)(2) of the Bankruptcy Code. To the extent the crop and proceeds secured described above are not sufficient to repay principal and interest loaned, Community Bank of the Red River Valley shall have administrative priority in accordance with Sections 364(c)(1) and 507(b) for any such deficiency. Any said amounts shall be prior to any other costs or expenses of administration, which have been or may be incurred in this case.

8. Community Bank of the Red River Valley shall be allowed to perfect its security interest in the collateral described in paragraph 6 above by taking any and all actions it deems necessary for such purposes in accordance with applicable state and federal law, including, but not limited to, Uniform Commercial Code filings as may be necessary and execution of government and agency assignment forms necessary to perfect a security interest in governmental and agency payments and entitlement applicable. However, such actions shall not be necessary to assure the priority position in the collateral granted to Community Bank of the Red River Valley.

9. The provisions of this Order and any actions taken pursuant hereto shall survive entry of any Order confirming or modifying any plan, converting this case to a different Chapter or dismissing this case and that the priorities in payment, liens and security interest shall continue in this or a superseding case or subsequent to dismissal, and in any case subsequently filed by the Debtors. The terms of this Order shall be binding upon the Debtors and its successors and assigns, including, but not limited to, a receiver, trustee, or examiner appointed in this case, in any superseding case, any subsequent case, or any case related hereto.

10. That the final hearing relative to the debtors motion for credit herein through Community Bank of the Red River Valley shall be heard on September 28, 2004 at 1:00

P.M., or soon after as counsel may be heard at the United States Post Office Building,
118 South Mill Street, Fergus Falls, MN 56537

THIS ORDER dated and entered this ____ day of August, 2004

Dennis D. O'Brien
United States Bankruptcy Judge